

Foreclosure Update and Affordable Housing

Rick Nelson, Director DHCA

15 June 2012

CountyStat Principles

- **Require Data-Driven Performance**
- **Promote Strategic Governance**
- **Increase Government Transparency**
- **Foster a Culture of Accountability**



Meeting Goal

- **Meeting Goal:**

- Evaluate the current state of foreclosure events in the County to determine if current strategies are effectively mitigating the impact on residents.
- Evaluate DHCA's progress towards meeting County affordable housing goals.

- **How we measure success:**

- Continual monitoring of foreclosure events in the County and comparison of these findings to regional and national trends.
- Measuring percentage of positive outcomes associated with foreclosure counseling provided to area clients.
- Ongoing monitoring of affordable housing unit output data.



Agenda

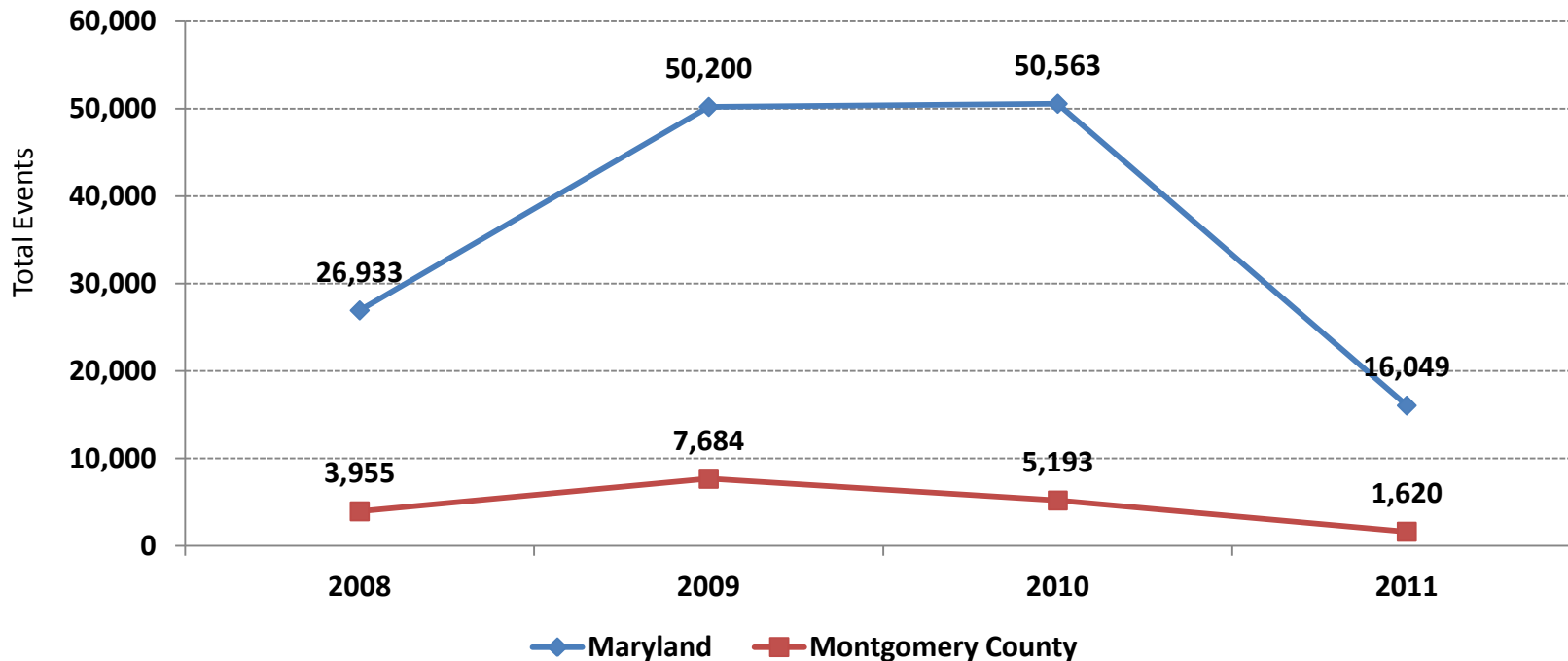
- **Meeting Goals**
- **Foreclosure Event Measures**
 - Montgomery County
 - Montgomery County Compared to Other Maryland Counties
- **Foreclosure Hot Spot Analysis**
 - Foreclosure Data
 - Housing Market Indicators
- **County Foreclosure Prevention Programs**
 - Education & Outreach
 - Foreclosure Counseling
- **Affordable Housing Measures**



High-Level Summary of Foreclosure Activity

According to the Maryland Foreclosure Task Force Report, January 11, 2012:

“... while recovery appears to be underway,
Maryland is still facing the harsh reality of more foreclosures to come.”
“...” Maryland is finding that while recovery is real, it is also uneven.
Some households are stabilizing and others are still struggling...”



Source: Maryland Foreclosure Task Force Report, January 11, 2012.



Overview of Current Foreclosure Climate: Montgomery County Data

Background on Data Source:

The following data is from Maryland State DHCD, Quarterly Foreclosure Reports.

Data is reported quarterly by calendar year, the most recent data is for the first quarter of calendar year 2012.

Foreclosure activity is measured at state and county levels by three foreclosure phases. (Notices of Default, Notices of Sale, and Lender Purchases)

**In 1Q 2012, there were 4,181 unique foreclosure events statewide
9.4% (393) occurred in Montgomery County.**

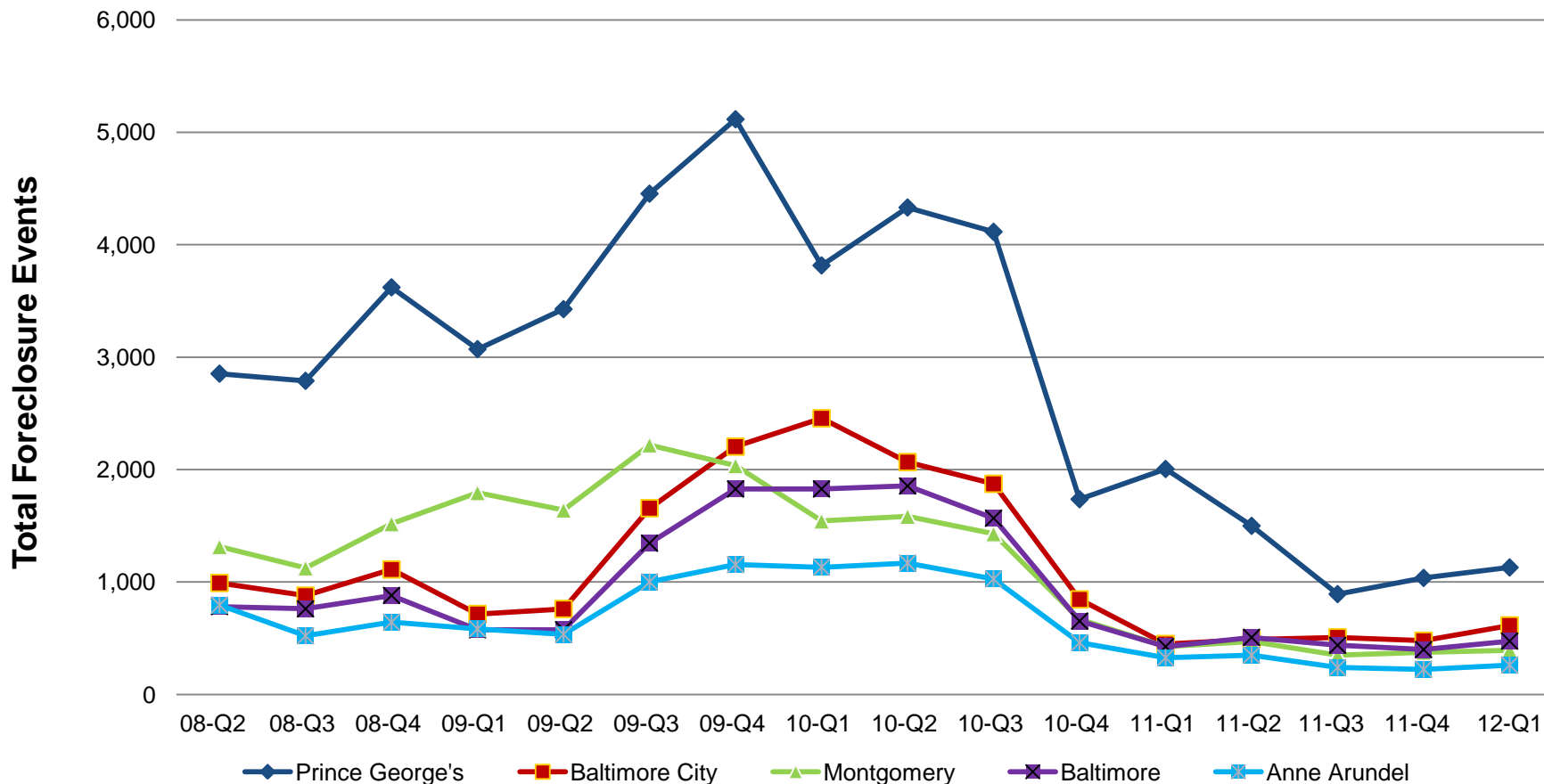
The State measures hot spot activity defined as a community (zipcode) with more than ten foreclosure events in a quarter and a concentration rate that exceeds the weighted average foreclosure rate of the state.

**There were 70 communities identified statewide, representing 61% of
all foreclosures in 1Q 2012.
4 of the 70 hot spots occurred in Montgomery County.**



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data: Total Foreclosure Events by Calendar Year



Source: Maryland DHCD, Quarterly Foreclosure Reports

Affordable Housing and Foreclosure
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Regional Foreclosure Data:

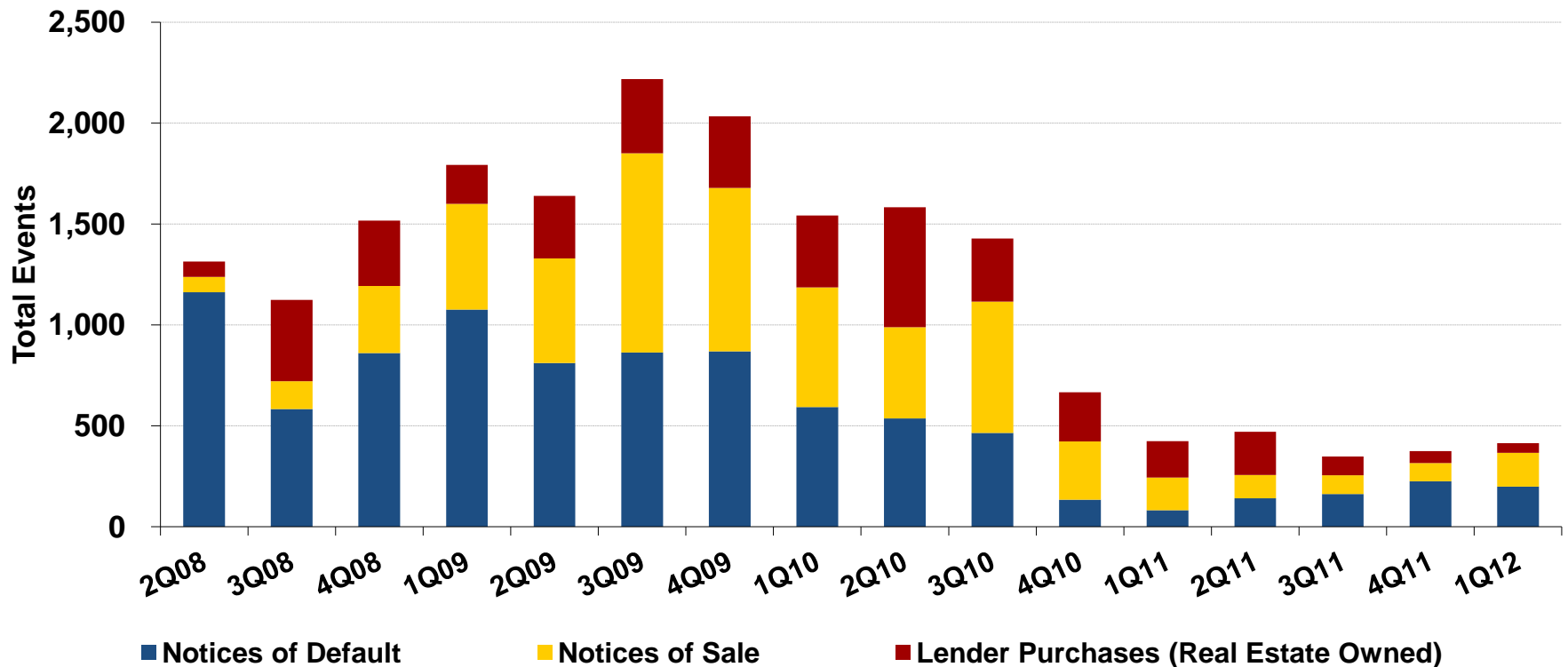
Total Foreclosure Events by Calendar Year

	Prince George's	Baltimore City	Montgomery	Baltimore	Anne Arundel
2Q08	2,853	991	1,314	781	795
3Q08	2,789	878	1,124	761	521
4Q08	3,621	1,111	1,517	880	642
1Q09	3,071	715	1,794	574	582
2Q09	3,427	760	1,639	575	534
3Q09	4,454	1,656	2,218	1,345	1,001
4Q09	5,116	2,204	2,034	1,827	1,155
1Q10	3,816	2,456	1,542	1,827	1,131
2Q10	4,331	2,066	1,583	1,854	1,168
3Q10	4,115	1,873	1,428	1,567	1,026
4Q10	1,736	845	667	652	460
1Q11	2,005	448	425	425	326
2Q11	1,499	489	471	507	349
3Q11	892	507	349	437	239
4Q11	1,036	477	375	399	223
1Q12*	1,129	613	393	474	261

**State of Maryland New Method of calculating total unique events. Source: Maryland DHCD, Quarterly Foreclosure Reports*



Foreclosure Events in Montgomery County By Calendar Year Quarter

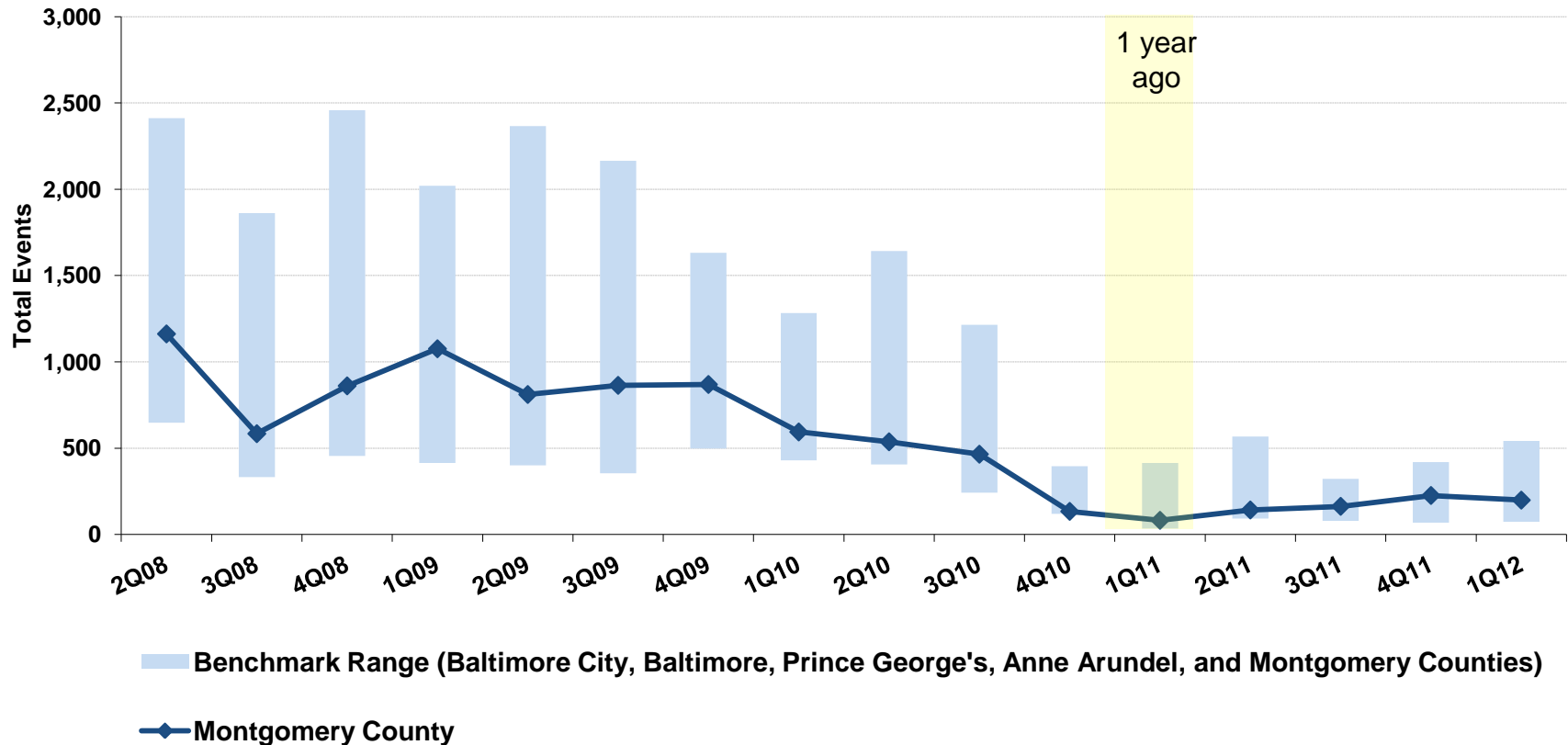


From the peak of foreclosures in Q3 CY09, Montgomery County has experienced an 81% decrease in total foreclosure events.



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data: Notices of Default by Calendar Quarter



In Montgomery County, notices of defaults remain below 500 events.



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data:

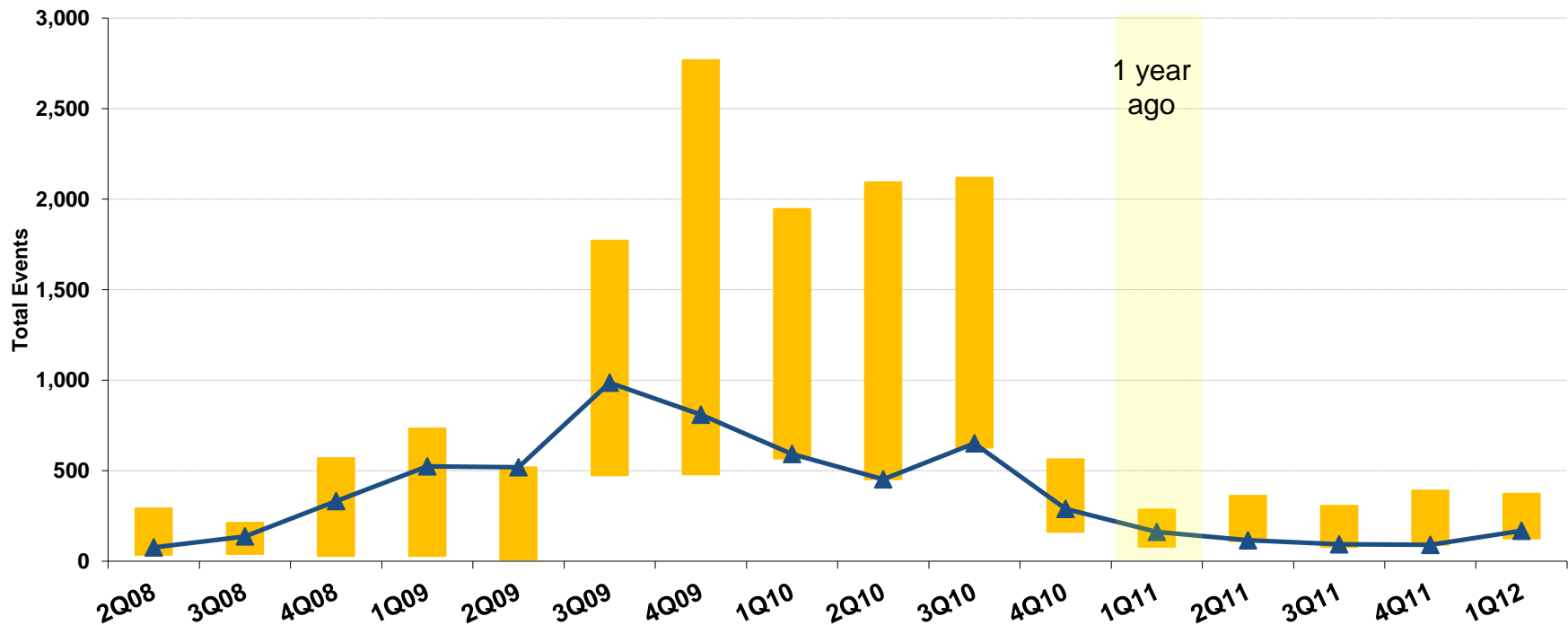
Notices of Default by Calendar Quarter

	Prince George's	Baltimore City	Montgomery	Baltimore	Anne Arundel
2Q08	2,411	832	1,162	679	648
3Q08	1,861	596	584	513	333
4Q08	2,458	928	861	712	455
1Q09	2,020	568	1,076	415	437
2Q09	2,365	617	811	426	400
3Q09	2,165	565	864	641	354
4Q09	1,631	569	869	589	498
1Q10	1,283	824	594	651	429
2Q10	1,642	655	537	622	405
3Q10	1,215	345	465	322	243
4Q10	396	178	134	176	119
1Q11	414	97	82	77	35
2Q11	568	154	142	150	93
3Q11	323	175	163	147	79
4Q11	419	148	226	107	69
1Q12	542	148	199	128	73



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data: Notices of Sale by Calendar Quarter



Benchmark Range (Baltimore City, Baltimore, Prince George's, Anne Arundel, and Montgomery Counties)

Montgomery County

In Montgomery County, notices of sale are nearly the lowest in the benchmark range.



Source: Maryland DHCD, Quarterly Foreclosure Reports

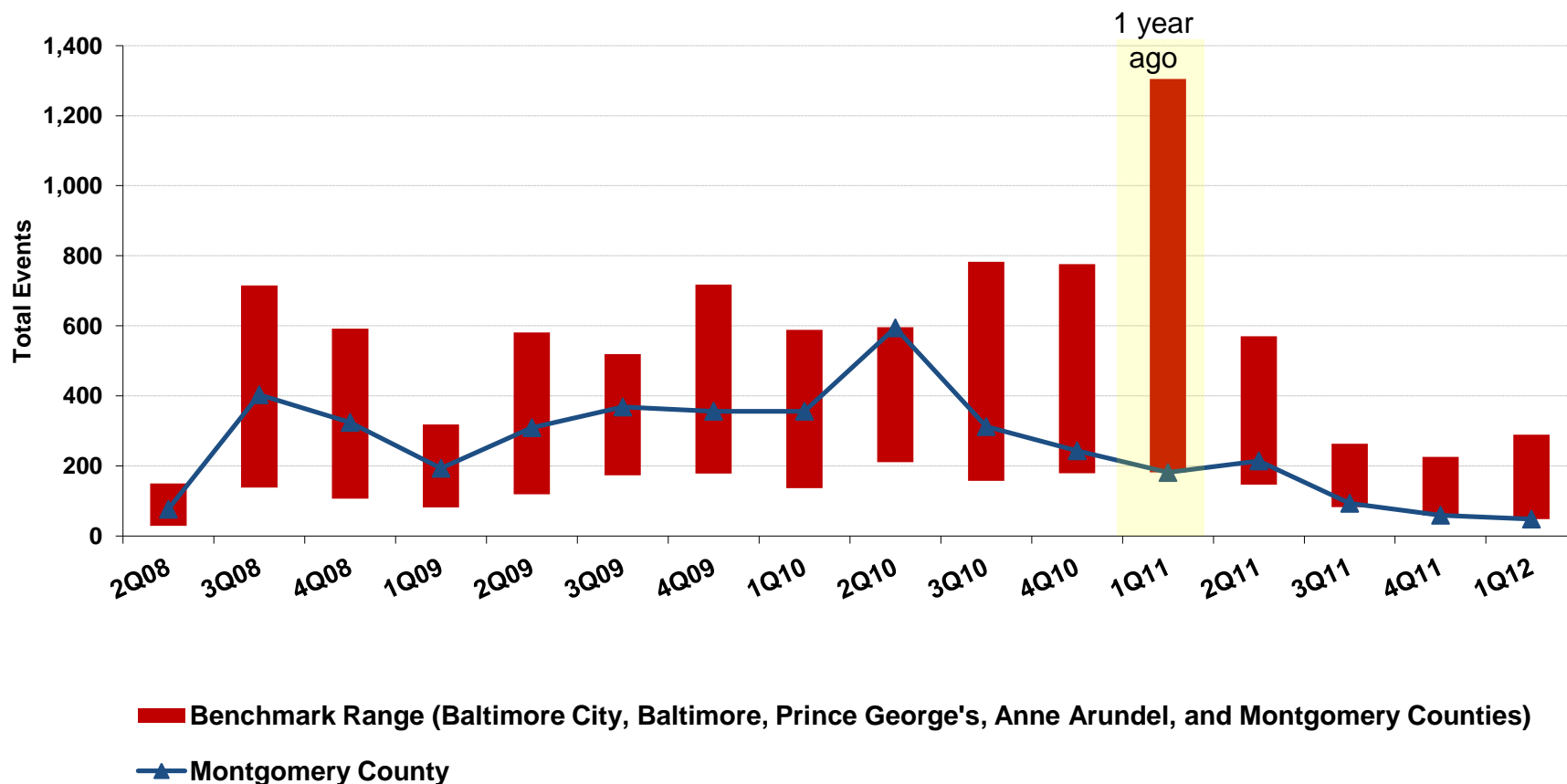
Regional Foreclosure Data: Notices of Sale by Calendar Quarter

	Prince George's	Baltimore City	Montgomery	Baltimore	Anne Arundel
2Q08	292	112	76	73	35
3Q08	213	40	137	40	50
4Q08	570	38	332	29	81
1Q09	733	37	524	29	64
2Q09	481	22	519	10	16
3Q09	1,771	831	986	520	474
4Q09	2,767	1,320	809	994	479
1Q10	1,945	1,050	592	937	566
2Q10	2,093	1,127	452	960	552
3Q10	2,118	1,138	651	964	627
4Q10	564	213	289	197	162
1Q11	286	112	162	160	80
2Q11	361	162	115	201	109
3Q11	306	212	93	172	78
4Q11	390	211	90	180	93
1Q12	373	349	168	240	126



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data: Lender Purchases by Calendar Quarter



In Montgomery County, lender purchases were below 200 events for the past three quarters, this was nearly the lowest of the benchmarked jurisdictions.



Source: Maryland DHCD, Quarterly Foreclosure Reports

Regional Foreclosure Data: Lender Purchases by Calendar Quarter

	Prince George's	Baltimore City	Montgomery	Baltimore	Anne Arundel
2Q08	150	47	76	29	112
3Q08	715	242	403	208	138
4Q08	592	145	324	139	106
1Q09	318	110	193	130	81
2Q09	581	120	309	139	119
3Q09	519	260	368	184	173
4Q09	718	315	356	244	178
1Q10	588	582	356	239	136
2Q10	596	285	594	272	211
3Q10	783	390	312	281	157
4Q10	776	454	243	280	179
1Q11	1305	239	181	187	210
2Q11	570	173	214	156	146
3Q11	263	120	93	117	82
4Q11	226	117	59	112	61
1Q12	289	141	48	124	71

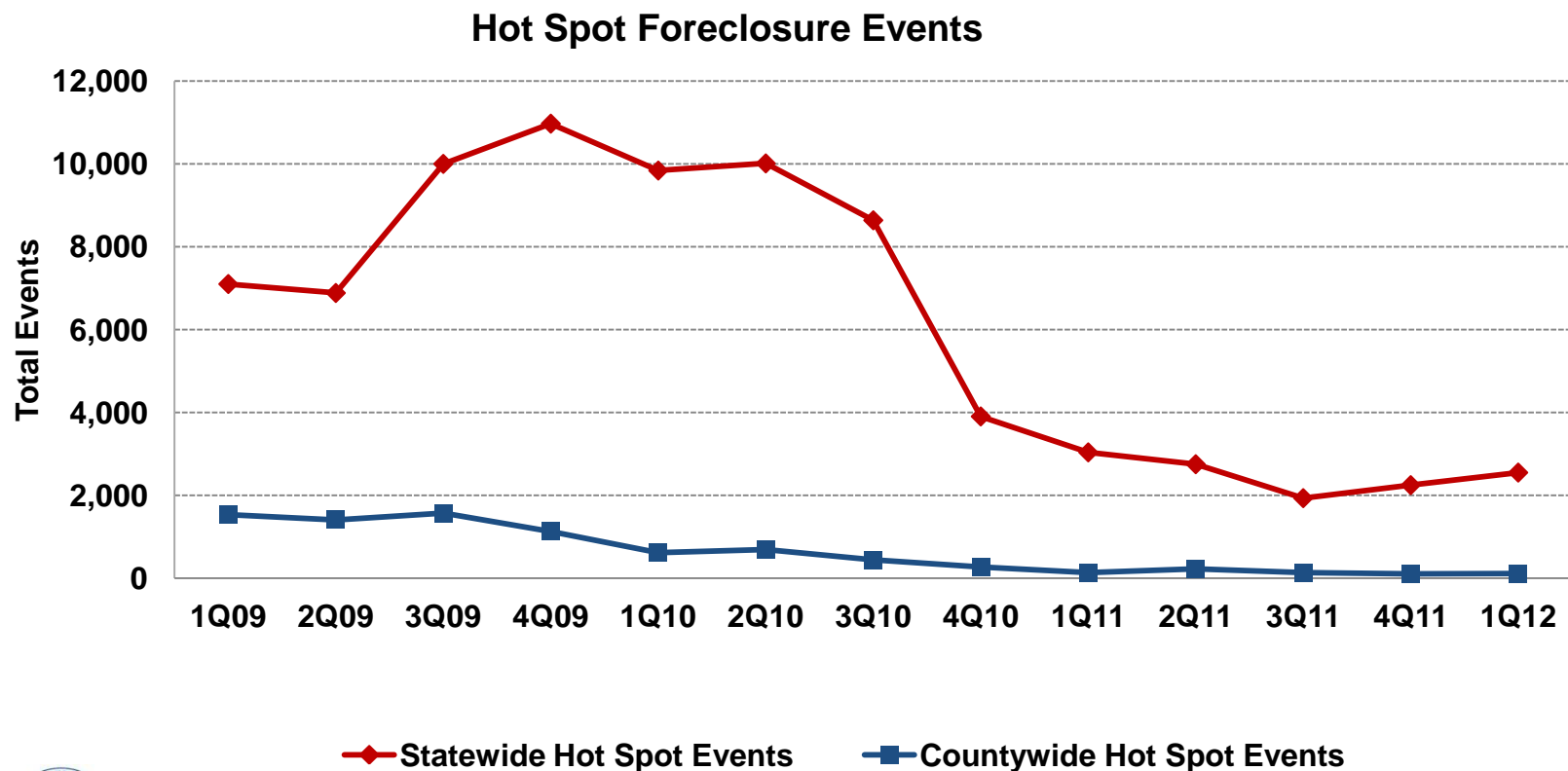


Source: Maryland DHCD, Quarterly Foreclosure Reports

Foreclosure Hot Spot Activity

The number of foreclosure events in Hot Spot communities in the County has maintained a steady decline since the peak in 2009

County hot spot foreclosures as a percent of total hot spot foreclosures statewide was 4.4% in 1Q12. Down from 21.6% in 1Q09, 6.3% in 1Q10, and 4.6% in 1Q11.



Source: Maryland DHCD, Quarterly Foreclosure Reports



Foreclosure Hot Spot Activity

Between 2009 and 2011 foreclosures fell 80% overall versus 90% in hot spots communities

Calendar Quarter	1Q08	2Q08	3Q08	4Q08	Total	1Q09	2Q09	3Q09	4Q09	Total
Statewide	n/a	8,929	7,974	10,030	26,933	9,289	9,320	14,803	16,788	50,200
County	n/a	1,314	1,124	1,517	3,955	1,793	1,639	2,218	2,034	7,684
County % of Total		14.7%	14.1%	15.1%	14.7%	19.3%	17.6%	15.0%	12.1%	15.3%
Statewide Hot Spots	n/a	5,653	5,449	7,601	18,703	7,101	6,885	10,000	10,971	34,957
County Hot Spots	n/a	842	825	1,187	2,854	1,535	1,411	1,572	1,130	5,648
County % of Total		14.9%	15.1%	15.6%	15.3%	21.6%	20.5%	15.7%	10.3%	16.2%

Calendar Quarter	1Q10	2Q10	3Q10	4Q10	Total	1Q11	2Q11	3Q11	4Q11	Total	1Q12
Statewide	14,855	15,637	14,087	5,984	50,563	4,777	4,507	3,251	3,514	16,049	4,181
County	1,516	1,583	1,428	666	5,193	425	471	349	375	1,620	415
County % of Total	10.2%	10.1%	10.1%	11.1%	10.3%	8.9%	10.5%	10.7%	10.7%	10.1%	9.9%
Statewide Hot Spots	9,839	10,012	8,639	3,906	32,396	3,039	2,753	1,934	2,248	9,974	2,551
County Hot Spots	619	693	447	273	2,032	140	227	141	104	612	112
County % of Total	6.3%	6.9%	5.2%	7.0%	6.3%	4.6%	8.2%	7.3%	4.6%	6.1%	4.4%

County foreclosures comprise, on average, 12% of the State foreclosure activity. These hot spot communities average 10% of all hot spots in Maryland.

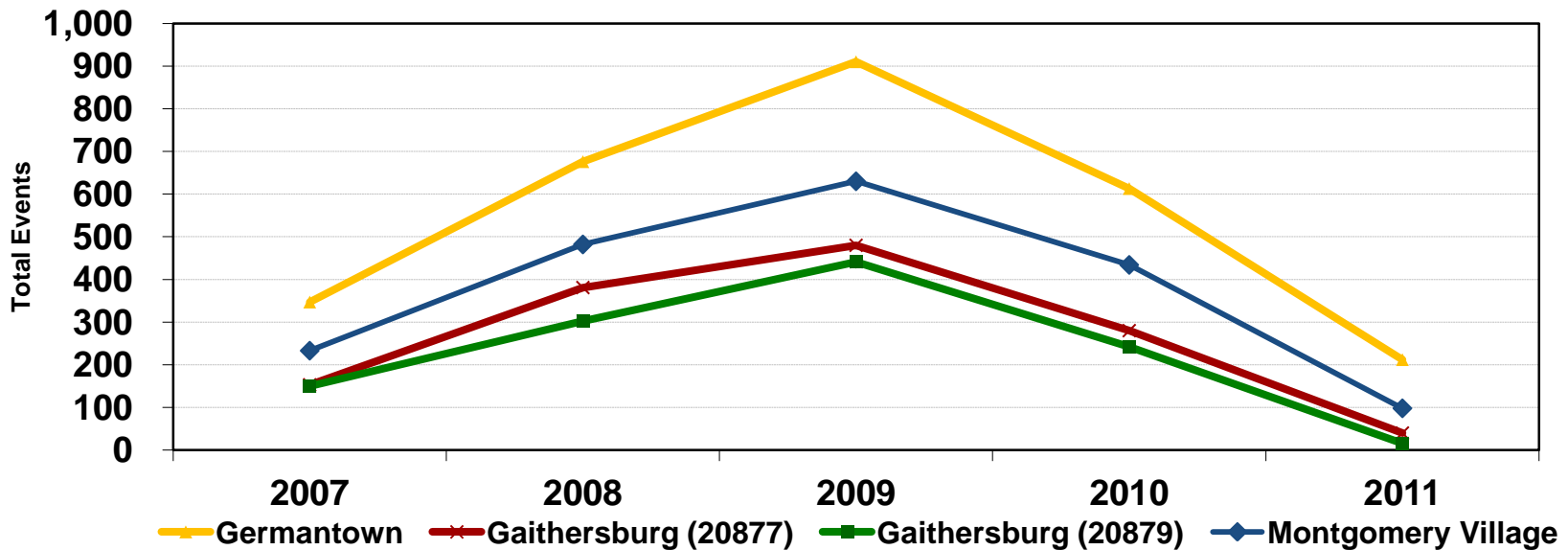
Note: Total numbers may appear higher than in other reports due to duplication of properties in various stages of foreclosure process. Source: *Maryland DHCD, Quarterly Foreclosure Reports*



Foreclosures: Hot Spot Communities Over Time

- Of the 7 communities previously identified by a sampling of 3Q09 zip codes with the most foreclosure activity in the County only 4 made recent hot spot lists.
 - Wheaton (20902), Colesville (20904), Aspen Hill (20906) previously tracked no longer report with significant volume.

Total Foreclosure Events – Hot Spot Zip codes, 2007-2011



Compared to the peak volume in 2009, Germantown (20874), Gaithersburg (20877 & 20879), and Montgomery Village (20886) are down 77%, 92%, 96% and 84% respectively.





Source: Maryland DHCD, Quarterly Foreclosure Reports

Hot Spot Communities w/ High Foreclosure Concentration

- The sampled hot spot communities have improved significantly; the number of foreclosure events are down from 973 in 2009 to 196 in 2011 representing a 80% decrease.
- Although events in the some communities are up in 1Q12, these levels remain significantly lower than their peak quarter 1Q 2009 between 71% - 76% .
- Total foreclosure events in 1Q12 are approaching levels observed in 2007

Zip Codes	2007	2008	2009	2010	2011	2012
	Q1	Q1	Q1	Q1	Q1	Q1
Germantown-20874	23	204	229	172	55	56
Gaithersburg-20877	9	103	118	88	15	18
Gaithersburg-20879	6	85	114	78	11	19
Montgomery Village-20886	18	143	148	123	26	24
Wheaton -20902	9	89	105	80	26	15
Colesville -20904	11	95	80	82	19	23
Aspen Hill -20906	14	162	179	142	32	41
Total	90	881	973	765	184	196
Δ Prior Year		879%	10%	-21%	-76%	7%
Δ 2009 Peak Year					-81%	-80%

	More than 10% increase		Between 10% and -10%		More than -10% decrease
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*Maryland DHCD; Quarterly Foreclosure Reports; Data sent by Co. DHCA, RealtyTrac

Foreclosures Hot Spot Analysis Market Data:

While properties in the Hot Spot zip codes generally sell quicker than properties in other areas, their selling prices is, on average, \$100,000 less than the County average.

Background on Data Source:

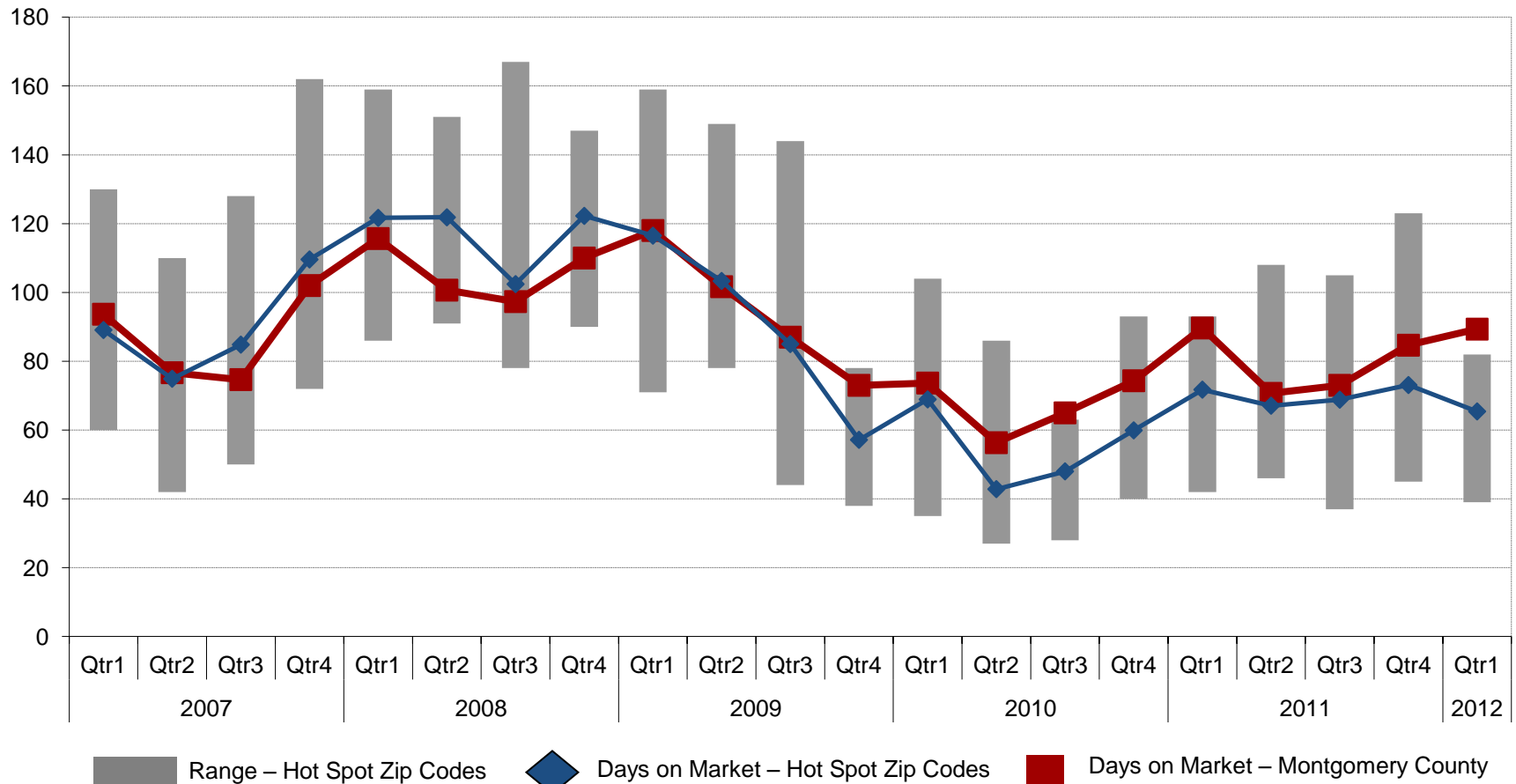
- The following data is from Metropolitan Regional Information Systems, Inc., Real Estate Business Intelligence to determine the market conditions in these four hotspot areas in comparison to the County at large.
- Data is from calendar year 2007 to the first quarter of 2012.

Overall assessment of four hotspot zip codes market conditions:

- The Median Home Sale Price has been and continues to be lower than the median home sale price for the entire county
- For the last five quarters (CY11Q1-CY12Q1), Average Number of Days on Market is lower for this subset compared to the entire county. This has fluctuated over the observed period.



Foreclosures Hot Spot Analysis: Average Days on Market in Communities with High Foreclosure Concentration by Calendar Year

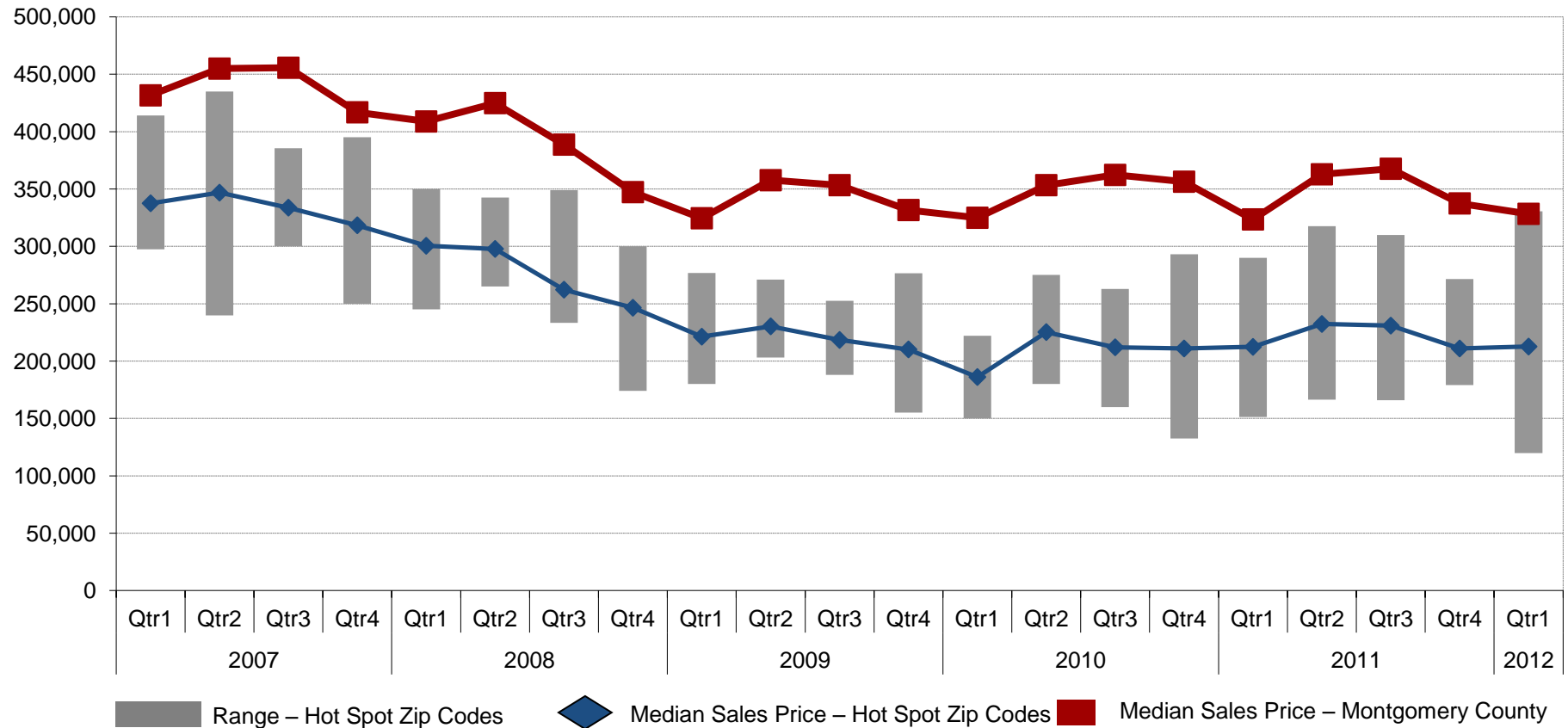


In Montgomery County, CY2012 Q1 average days on market for areas of high foreclosure activity has declined to an average of 65 days



Select Zipcodes: 20874, 20877, 20879, 20886. Source: Metropolitan Regional Information Systems, Inc., Real Estate Business Intelligence, <http://www.rbintel.com/statistics/montgomery-county-md>

Foreclosures Hot Spot Analysis: Median Home Sales Price in Communities with High Foreclosure Concentration by Calendar Year



In CY2012, Q1 median home sale prices for areas of high foreclosure activity were stable at \$212,663. For the past five quarters the sale prices of these hot spot areas were, on average, \$124,070 lower than the median County sales price. In 2007, this difference was \$106,184.



Select Zipcodes: 20874, 20877, 20879, 20886. Source: Metropolitan Regional Information Systems, Inc., Real Estate Business Intelligence, <http://www.rbintel.com/statistics/montgomery-county-md>



Foreclosures

Current state

- Considerable success in counseling activities and forestalling foreclosures
- Rate of foreclosure events significantly reduced down to pre 2007 levels

Goals

- Further reduce notice of default numbers
- Continue effective outreach and counseling for those facing foreclosures

Challenges

- Determining if there is a backlog held by banks that is about to be released

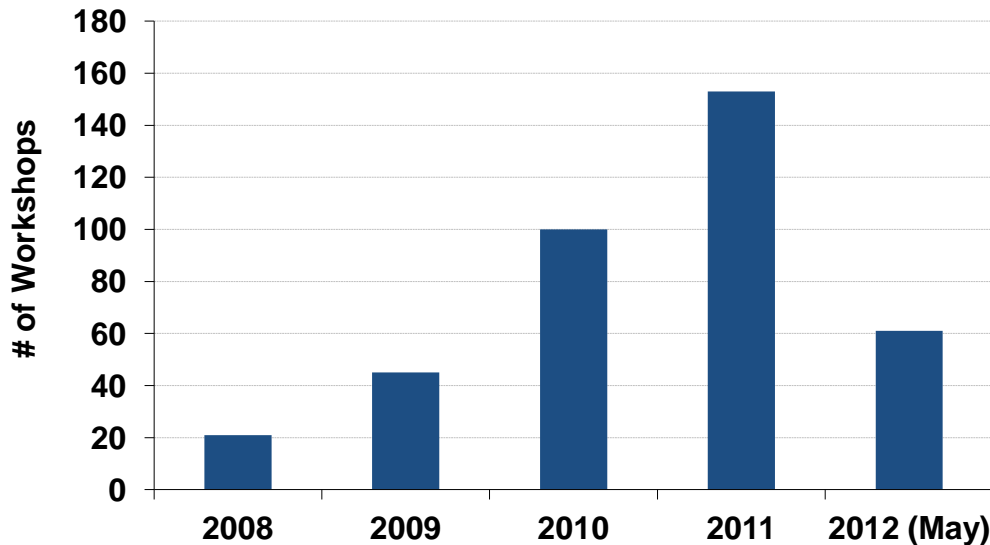


Source: DHCA

Foreclosures: Outreach & Education Workshops

- DHCA, with partner agencies, has held 380 outreach and education workshops since April 2008.
- 63% of workshops held were in foreclosure hot spot zip codes (Germantown and Gaithersburg).
- Most workshops had fewer than 50 participants, in line with DHCA's more individualized approach.

Outreach & Education Workshops Held In Montgomery County by Calendar Year



Attendance	Workshops
0-24	290
25-49	49
50-69	14
70-99	9
100+	18
Total Workshops	380



Foreclosures: Montgomery County Data

Counseling Centers	Number of Clients Counseled			Quarterly Avg Number of Active Cases		
	CY 2010	CY 2011	CY 2012 (Jan-May)	CY 2010	CY 2011	CY 2012 (Q1)
Latino Economic Development Corporation	1,154	448	91	327	544	951
Housing Initiative Partnership	2,450	419	247	512	1,150	1,390
Asian-American Homeownership Counseling	0	165	64	0	8	32
Homefree-USA	3,418	774	0	802	503	0
Total	7,022	1,806	402	1,641	2,205	2,373

- **Currently, there are three housing counseling agencies performing foreclosure counseling for County residents in four locations.**
 - The Asian-American Homeownership Counseling organization was only added in January 2011.
 - HomeFree USA no longer a County provider as of November 1, 2011.



Source: Counseling vendor monthly reports, DHCA

Foreclosures: Prevention Counseling

Background on Data Source:

- The State Department of Housing and Community Development reports on all foreclosure counseling conducted by non-profit agencies through the *HOPE/NFMC Initiative*.
- This data is reported to Maryland StateStat by fiscal year. The most recent data is from third quarter of fiscal year 2012.
- HomeFree USA and HIP serve Montgomery and Prince George's County. The following data is inclusive of clients served in both counties.

Definitions

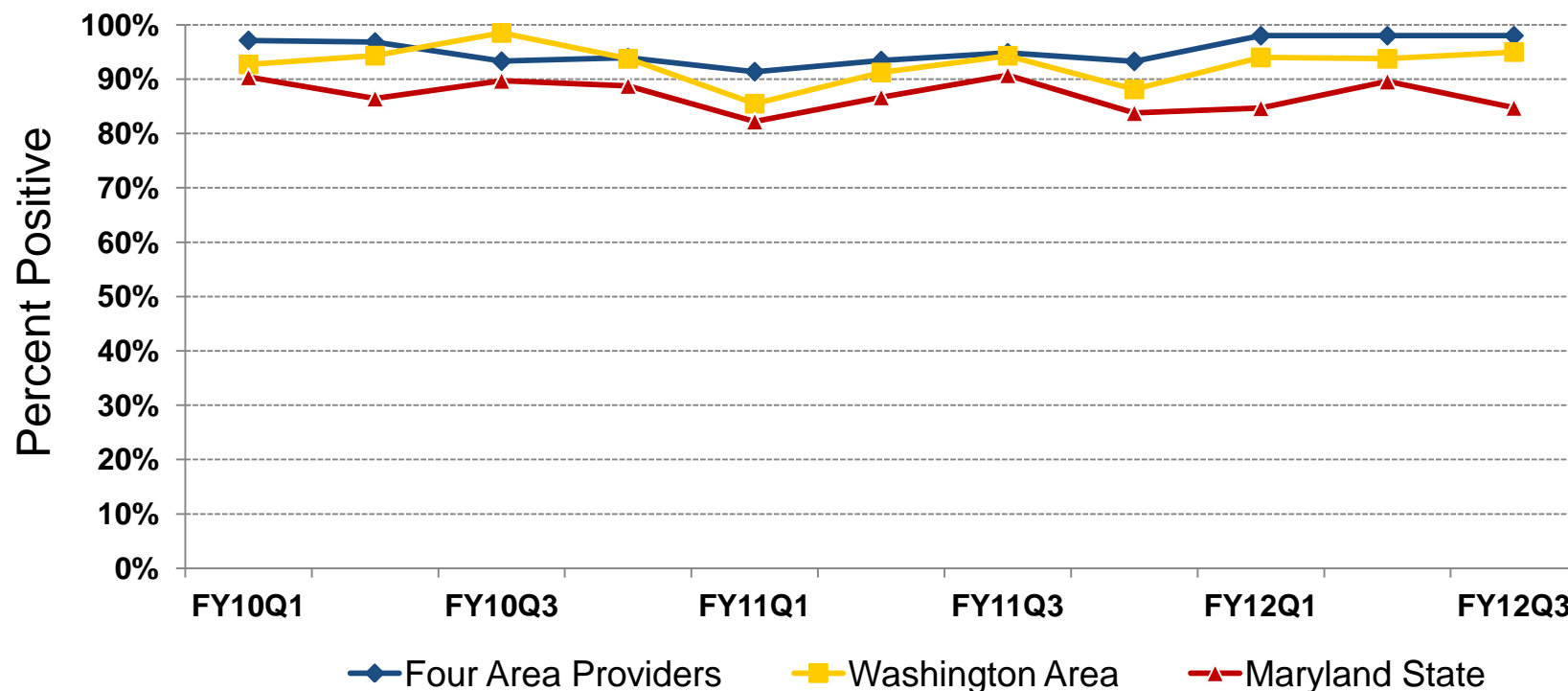
- Four area providers:** Latino Economic Development Corporation, Housing Initiative Partnership, Asian-American Homeownership Counseling, and Homefree-USA.
- Positive Outcomes:** Brought mortgage current; Mortgage Refinanced; Mortgage Modified; Mortgage Modified- HAMP; Received second Mortgage; Initial forbearance agreement/repayment plan; Sold Property/chose alternative housing solution; Pre-foreclosure Sale
- Negative Outcomes:** Executed a Deed-In-Lieu; Mortgaged Foreclosed; Bankruptcy
- Washington Area:** Calvert, Charles, Montgomery, Prince George's, and Saint Mary's Counties
- State of Maryland Area:** Eastern Shore, Baltimore Metro, Western Maryland, and Washington Metro



Source: Maryland StateStat, Department of Housing and Community Development Report, HOPE/NFMC Initiative.

Foreclosures: Prevention Counseling

Four Area County Provider's Positive Outcomes compared to Region and State



The four area providers have consistently had high positive outcomes for closed cases when compared with all of the State of Maryland Providers

Source: Maryland StateStat, Department of Housing and Community Development Source: Report, HOPE/NFMC Initiative. County providers not included in Washington Area and Maryland State calculation. County providers may include Prince George's County clients.



DHCA Reflections on Current Affordable Housing Operations

Current state

- Successful at production and preservation despite economic and revenue problems

Goal

- 2,500 units per year added to the inventory

Challenges

- Funding to meet goal
- Getting non-profit partners to bring equity to table
- Conformance with Voluntary Rent Guidelines



Source: DHCA

Affordable Housing: Overview of Funding Sources & Programs

Funding Sources

- Community Development Block Grant (CDBG)
- Community Legacy
- HOME Investment Partnerships Program (HOME)
- Housing Initiative Fund (HIF)
- Housing Initiative Fund Acquisition & Rehab Fund
- Neighborhood Stabilization Program -Neighborhood Conservation Initiative (NSP-NCI)
- No Cost

Programs

- Group Home
- Moderately Priced Dwelling Units (MPDU)
- Multifamily
- Neighborhood Stabilization Program (NSP)-Neighborhood Conservation Initiative (NCI)
- Rental Agreements
- Rental-Closing Cost Assistance
- Single Family Rehab
- Single Family Foreclosure Programs

Effective FY2011, affordable housing unit production and preservation includes the above funding sources and programs.

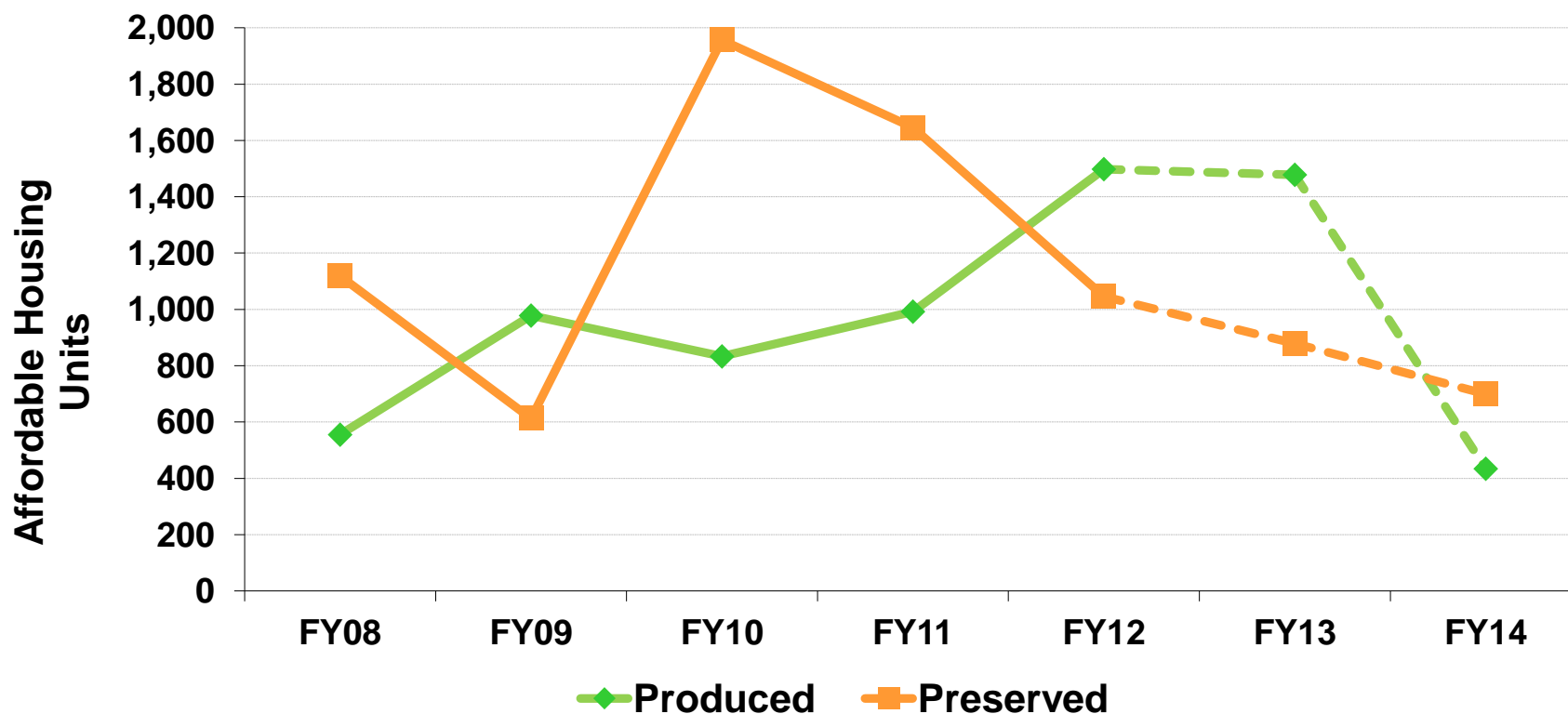


Affordable Housing: Key Definitions

Term	Definition
Production	New construction or rehab of a market rate unit added to the inventory
Preservation	Acquisition and/or rehab of an existing unit with affordability restrictions
Pipeline unit	A unit is considered in the pipeline as soon as the County commits to a project. A unit remains on the pipeline until it is online; this is true even if the project does not draw funds in a given year.
Online unit	A unit is considered online once funds have been exhausted, acquisition/rehab/construction is complete, and the unit is ready for occupancy.
Projected unit	A unit that is expected to be funded with a future funding allocation.



Affordable Housing Headline Measure 1: Total Affordable Housing Units Produced and Preserved



	FY08	FY09	FY10	FY11	FY12	FY12 (Goal)	FY13	FY14
Total	1,674	1,591	2,790	2,638	2,544	2,236	2,357	1,133



Source: DHCA

Affordable Housing Headline Measure 1:

Total Affordable Housing Units Produced and Preserved

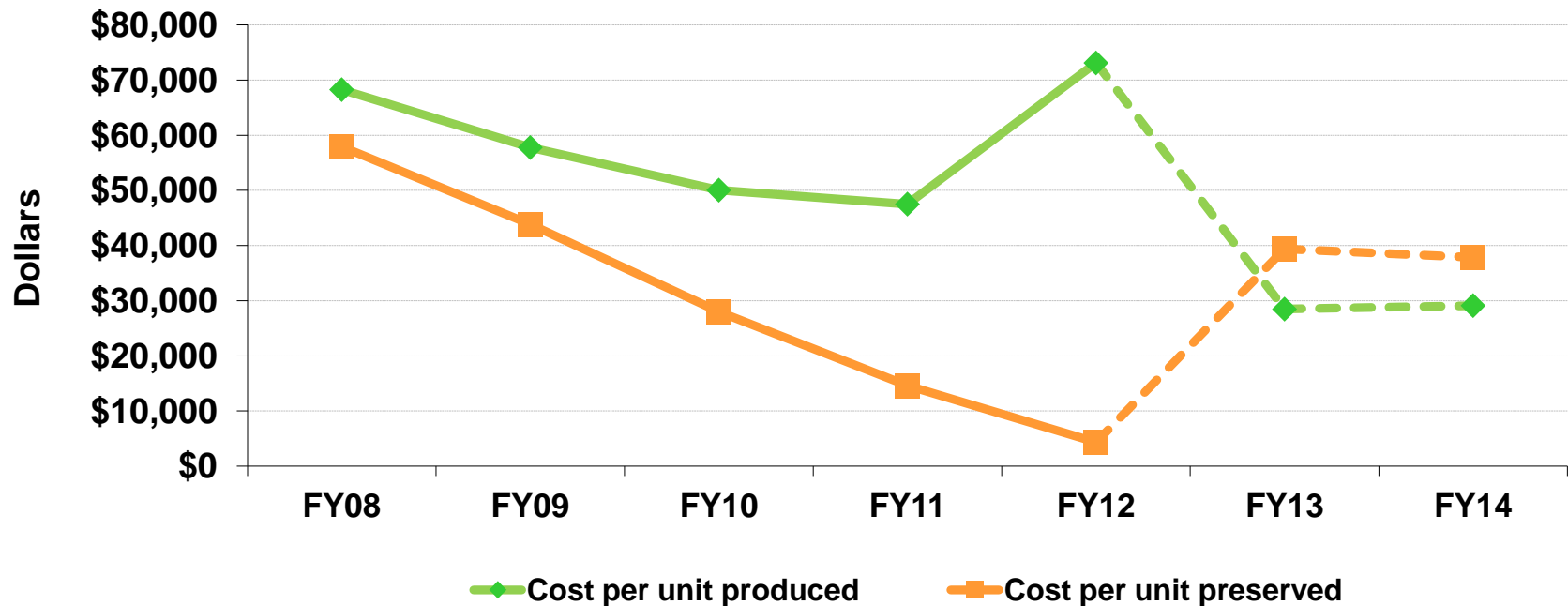
Production	FY08	FY09	FY10	FY11	FY12		FY13	FY14
					(Q1-Q3)	Goal		
County-Funded Units Online	103	536	385	497	279	404	1202	193
No-Cost Units Online	116	242	114	184	146	193	203	213
Production Pipeline	336	200	334	311	1073	282	73	28
Total	555	978	833	992	1498	879	1478	434

Preservation	FY08	FY09	FY10	FY11	FY12		FY13	FY14
					(Q1-Q3)	Goal		
County-Funded Units Online	34	423	336	802	782	792	329	343
No-Cost Units Online	131	0	700	404	0	200	210	228
Preservation Pipeline	954	190	921	440	264	361	340	128
Total	1,119	613	1,957	1,646	1,046	1,357	879	699



Source: DHCA

Affordable Housing Headline Measures 2 & 3: County Cost Per Unit Of Affordable Housing Produced and Preserved



Measure	FY08	FY09	FY10	FY11	FY12		FY13	FY14
					(Q1-Q3)	Goal		
Production – Cost/Unit Online	\$68,270	\$57,779	\$50,047	\$47,513	\$73,832	\$56,572	\$28,475	\$29,113
Preservation – Cost/Unit Online	\$57,932	\$43,827	\$28,005	\$14,611	\$4,307	\$10,323	\$39,364	\$37,846



Source: DHCA

Wrap-Up

- Follow-up Items



Source: *DHCA*

– Affordable Housing and Foreclosure
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